

MICHIGAN LEGISLATURE

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March 15, 2016

The Honorable Thomas Wheeler
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington D.C. 20554

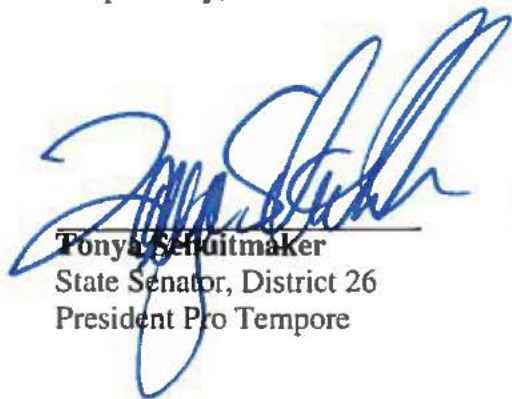
Dear Chairman Wheeler:

We understand the FCC is currently discussing rules for a “reverse auction” to be conducted later this year under Phase II of the Connect America Fund (CAF Phase II). These rules – if properly considered and adopted – can be a game-changer in terms of helping close the rural/urban digital divide. To ensure the effectiveness of the auction, we respectfully suggest the following:


- Resist the urge to simply award the lowest bid. This could lead to investments in substandard technologies with a short shelf life. Instead, make prudent investments that stand the test of time.
- Consider technology in your auction. Though we understand the desire to be inclusive that should not supersede the need to close the rural/urban digital divide. In our thinking, a tiered or weighted auction could be a way of ensuring the best available technologies are adopted. By focusing on future proof technologies, the FCC could advance beyond ongoing subsidies and instead invest once in scalable networks. This would free-up capital for projects across America that ensure speeds and capabilities that stretch far beyond the modest rural standard of 10 Mbps download and 1 Mbps upload.
- Adopt clear rules and expectations for the CAF Phase II reverse auction as soon as possible. Though we appreciate the fact CAF has already awarded funding to price cap carriers, this is only part of the solution for rural America. CAF Phase II has the potential of introducing competition. Competition will drive improvements to both service and price offerings. Rural electric cooperatives and other non-traditional providers are proving gigabit capable networks are both possible and profitable in the rural space. This is not based on theory; it is based on empirical evidence that is irrefutable. From Missouri and New Mexico to Virginia, Indiana and southwest Michigan, rural electric cooperatives and others are introducing service and competition where none existed before.

The area we represent features large employers like Whirlpool, Kellogg and Pfizer - several well-known universities - and a seed corn industry that has attracted large Monsanto and DuPont operations to the area. Whether at work or at home, residents of rural southwest Michigan deserve what their urban counterparts have. Please consider our suggestions as you deliberate over a reserve auction model for CAF Phase II.


Respectfully,




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Margaret O'Brien
State Senator, District 20
Asst. President Pro Tempore



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